

MINUTES OF THE
MAG MANAGEMENT COMMITTEE MEETING

June 10, 1998
MAG Office Building - Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Stephen Cleveland, Goodyear, Chairman	Tom Martinsen, Paradise Valley
Ruben Duran for Carlos Palma, Avondale	Meredith Flinn for Terry Ellis, Peoria
*Delbert Self, Buckeye	Frank Fairbanks, Phoenix
*Jon Pearson, Carefree	Scott Rigby for Cynthia Seelhammer,
*Kerry Dudek, Cave Creek	Queen Creek
Lloyd Harrell, Chandler	David Easchief, Salt River Pima-Maricopa
Leonard Rivera for Rosalinda Herrera,	Indian Community
El Mirage	Dick Bowers, Scottsdale
*Paul Nordin, Fountain Hills	Mike Branham for Dick McComb, Surprise
Carl Stephani, Gila Bend	Gary Brown, Tempe
*Urban Giff, Gila River Indian Community	Ralph Velez, Tolleson
Martin Vanacour, Glendale	Gerald Stricklin for David Siegel, Wickenburg
George Pettit for Kent Cooper, Gilbert	*Lloyce Robinson, Youngtown
Luis Gonzales, Guadalupe	Tom Buick for David Smith, Maricopa County
Robert Musselwhite, Litchfield Park	Mary Peters, ADOT
Mike Hutchinson for Charles Luster, Mesa	Ken Driggs, RPTA

*Those members neither present nor represented by proxy.

OTHERS PRESENT

Eric Anderson, MAG	Chris Plumb, MCDOT
Dianne Barker, Citizen	Amy Rudibaugh, Glendale
James M. Bourey, MAG	Art Rullo, MAG
Michael Bruder, ADOT	Tami Ryall, Gilbert
Peggy Carpenter, City of Scottsdale	Doug Sanders, Goodyear
Valerie Day, MAG	Tom Schmitt, ADOT
John Farry, MAG	Dave Siegel, Wickenburg
Jim Huling, Tempe	Audrey Skidmore, MAG
John Hunter, Deloitte & Touche LLP	Dennis Smith, MAG
Steve Jimenez, ADOT	Lisa Takata, Phoenix
Debbie Kohn, Avondale	Gordon Tyus, MAG
Patrice Kraus, Chandler	Rita Walton, MAG
Jeff Kulaga, Scottsdale	Paul Ward, MAG
Kathie Lee, Salt River Project	Shauna Warner, Tempe
Art Lynch, Glendale	Haskell Wexler, Citizen

1. Call to Order

The meeting was called to order by Chairman Stephen Cleveland, Goodyear, at 12:10 p.m.

Chairman Cleveland introduced Luis Gonzales, the new Town Manager from Guadalupe, proxies Ruben Duran for Carlos Palma from the City of Avondale, Leonard Rivera for Rosalinda Herrera from the City of El Mirage, George Pettit for Kent Cooper from the Town of Gilbert, Tom Buick for David Smith from Maricopa County, Mike Hutchinson for Charles Luster from the City of Mesa, Meredith Flinn for Terry Ellis from the City of Peoria, Scott Rigby for Cynthia Seelhammer from the Town of Queen Creek, Mike Branham for Richard McComb from the City of Surprise, and Gerald Stricklin, the interim Town Manager, for David Siegel from the Town of Wickenburg.

2. Approval of April 24 and May 13, 1998 Meeting Minutes

David Easchief moved, Lloyd Harrell seconded, and it was unanimously carried to approve the minutes of the April 24 and May 13, 1998 Management Committee meetings.

3. Call to the Audience

Chairman Cleveland noted that we have a timer to assist the public with their presentations, which have a three minute time limit. When two minutes have elapsed, the yellow light will come on notifying the speaker that they have one minute to sum up. He said that at the end of the three minute time period, the red light will come on. Members of the audience who wish to speak fill out a card and give it to the MAG staff who will bring it to the Chairman.

Chairman Cleveland stated that public comment is provided at the beginning of the meeting for non-agenda items. He noted that today, we do not have any consent agenda items. He indicated that for the action items on the agenda, public comment will be taken when the item is heard. Public comments are limited to three minutes.

4. Executive Director's Report

James Bourey updated the Management Committee on the Regional Council Annual meeting/Awards program and dinner to be held on June 24, 1998 at the Hyatt Regency. Letters were sent out to nominees, with the winners to be announced at the dinner. Mr. Bourey expressed thanks to the Desert Peaks Awards Committee, Ralph Velez from the City of Tolleson, Michael Grant from KAET and Gallagher & Kennedy, Jack Pfister from Arizona State University and formerly with Governor Hull's office, George Dean from Greater Phoenix Urban League, and Rob Melnick from Arizona State University.

Mr. Bourey updated the Committee on Legislative activities. He remarked that state legislation supporting the Regional Transportation Authority did not pass. The Growth Management initiative will not be on the ballot in November, but the provisions to fund open space from the Growing Smarter initiative will be on the ballot.

Chairman Cleveland thanked Mr. Bourey for his report and asked if there were any questions.

Chairman Cleveland recognized public comment from Dianne Barker, who stated that, as a citizen, she is interested in the City, especially transportation. She disagreed that rail should be included in

the TIP. Ms. Barker commented that the Vision 2025 Citizens' Summit was held in a beautiful location and required a lot work and organization. She was disappointed that not more children attended, since they are our future. Dialogue from the public needs to be heard and considered and she expressed appreciation for being heard today.

5. Requested Changes to the MAG Freeway Program

Eric Anderson stated that ADOT has requested changes to the Draft Tentative 1999-2006 Life Cycle Regional Freeway Program. The material changes include cost changes that exceed the five percent limit and a number of added projects. Mr. Anderson reported that additional projects are needed to complete utility relocation work on the Pima Freeway and for the drainage project on the San Tan Freeway. Costs are broken out as separate utility cost and are no longer included in construction costs.

Chairman Cleveland thanked Mr. Anderson for his report and asked if there were any questions.

Martin Vanacour moved, Bob Musselwhite seconded, and it was unanimously carried to recommend approval of the requested material changes to the MAG Freeway Program.

Mr. Musselwhite complimented ADOT on the beautiful artwork on 51st Avenue and the 101 and expressed his thanks.

6. Articles of Incorporation to Establish the Maricopa Association of Governments Information Center as a Subsidiary of MAG

Rita Walton stated that the Maricopa Association of Governments Information Center (MAGIC) will allow MAG to utilize its existing data and information more efficiently, increase its accessibility to member agencies, private sector businesses and individuals, and other public sector agencies, and provide additional fee-earning activities outside its work program commitments through customized formatting and technical analysis. Ms. Walton noted that MAG would continue to provide assistance to member agencies at the existing level of service and devote the existing level of resources to member agency requests, accommodated at no extra charge.

Ms. Walton said that on May 27, 1998, the Regional Council approved the concept of establishing MAGIC as a subsidiary of MAG and requested the Articles of Incorporation be brought forward at the June Regional Council meeting.

Ms. Walton commented that MAGIC would be administered as a separate entity by the MAG Executive Director, utilizing MAG staff. The Regional Council Executive Committee would serve as the Board of Directors, with an Advisory Committee of information technology staff, customers of MAGIC, and representatives of the Management Committee.

Chairman Cleveland thanked Ms. Walton for her report and asked if there were any questions.

Dick Bowers moved, Ralph Velez seconded, and it was unanimously carried to recommend approval of the Articles of Incorporation establishing the Maricopa Association of Governments Information Center as a subsidiary of MAG.

7. MAG Annual Financial Audit and Single Audit and Management Letter for the Fiscal Year Ended June 30, 1997

Chairman Cleveland introduced Art Rullo, MAG staff and John Hunter of Deloitte and Touche LLP. Mr. Rullo presented informational slides illustrating key points of the June 1997 Audit. Mr. Rullo stated that the public accounting firm of Deloitte and Touche LLP completed the audit for the fiscal year which ended June 30, 1997. An unqualified audit opinion was issued on April 29, 1998 on MAG's general purpose financial statements taken as a whole. He said the independent auditors' report on compliance with the requirements applicable to major federal award programs expressed an unqualified opinion on the Single Audit. Mr. Rullo noted that the Single Audit report indicated there were no material weaknesses, no instances of noncompliance considered to be material, and no questioned costs. The Single Audit report provided five procedural findings, aimed at improving MAG's financial management. These findings are not considered to be material. During FY 1998, MAG has either resolved, or is in the process of addressing, each of these findings.

Mr. Rullo reported that a management letter was also issued under separate cover dated April 29, 1998. The letter provides thirteen recommendations to strengthen and improve areas of MAG's financial operations. He said there were no material weaknesses cited in the management letter. During FY 1998, MAG has either resolved, or is in the process of addressing, each of the management letter comments. Mr. Rullo stated that Financial Management System plans, Grant Administration plans, and an Employee Manual are in progress. He remarked that a Disaster Recovery plan, a Fixed Asset Policy and Procedures plan, an Expense Review and Analysis plan, and a Written Financial Policies and Procedures plan are pending.

Mr. Rullo commented that the audit was prepared using standards adopted by the Government Finance Officers Association. These standards were implemented to provide a higher level of financial reporting for MAG. With improvements expected in FY 1999, it is anticipated that the audit for the period ending June 30, 1998 will be completed by December 1998.

John Hunter stated that it has been a pleasure to work with Mr. Rullo and staff. He commented that the problems encountered were handled professionally, and in turn, the audit was quite uncomplicated.

Chairman Cleveland thanked Mr. Rullo and Mr. Hunter for their reports and asked if there were any questions.

Ralph Velez asked what was represented by the \$14,000 reserved for inventory. Mr. Rullo replied that amount is for the specifications and details documents that MAG sells.

Martin Vanacour expressed appreciation for staff's work. He noted that progress is being made and positive steps forward are being taken. Mr. Vanacour asked Mr. Hunter the target completion date of the 1998 audit. Mr. Hunter responded that the targeted completion date for the audit is December 1998. The Comprehensive Annual Financial Report (CAFR) will be presented to the Management Committee on November 18 and to the Regional Council on December 9.

Frank Fairbanks agreed that staff has done an excellent job. He asked if a progress report will be forthcoming? Mr. Bourey replied that progress reports will be supplied.

Bob Musselwhite commented that an employee manual is a good idea for both present and future employees. Mr. Bourey stated that in the past, the employee manual was a small document. The new version will be a regular manual, though it will not be overly prescriptive. Mr. Bourey commented that he is very concerned about maintaining the quality of work life at MAG.

Dennis Smith expressed appreciation to Mr. Rullo for the good job in completing the many tasks including League and MAG accounting and the outside census. He noted that the resources from ADOT were a factor in MAG's ability to resolve our accounting issues.

Frank Fairbanks moved, Mike Branham seconded, and it was unanimously carried to recommend acceptance of the MAG Annual Financial Audit and Single Audit and Management Letter for the fiscal year ended June 30, 1997.

8. Election of Officers

Gary Brown moved to nominate Frank Fairbanks for Chairman and Lloyd Harrell for Vice Chairman. Chairman Cleveland asked if there were any other nominations. Bob Musselwhite seconded, and it was unanimously carried to approve the election of Frank Fairbanks as Chairman and Lloyd Harrell as Vice Chairman of the Management Committee for FY 1998-1999.

9. Overview of the Transportation Equity Act for the 21st Century

Mr. Bourey stated that the Transportation Equity Act for the 21st Century (TEA 21) was passed and the President signed the bill on June 9, 1998. Mr. Bourey noted that it is significant legislation for MAG. He introduced John Farry from the MAG staff to provide an overview of the legislation.

Mr. Farry presented slides illustrating the key points of TEA 21. Mr. Farry stated that TEA-21 legislation increased nationwide funding of 40 percent over ISTEA funding; however, Arizona will receive an increase in funding of 60 percent. The bill guarantees \$167 billion for highways, \$36 billion for transit, and \$2 billion for safety. States will receive a 90.5 percent return on their gas tax contributions. Mr. Farry stated that innovative financing provisions on the bill expand the value pricing pilot program from five to fifteen states.

Mr. Farry noted that the bill includes specific project authorizations such as US 93 Hoover Dam, I-19 in Nogales, Area Service Highway in Yuma, Veterans Memorial Overpass in Tucson, as well as an authorization for the fixed guideway project in Phoenix.

Mr. Farry stated that final calculations for the MAG share of funding have not been calculated, but there could be an increase of between 50 to 60 percent. He noted that additional MAG funding opportunities may become available through welfare to work grants, ITS discretionary grants, and increased ADOT funding in the region.

Chairman Cleveland asked the outcome of the Southwest Passage Project. Mr. Farry replied that project is included from Alameda, California to the Arizona state line, but nothing beyond that.

Mr. Smith stated it is important that we recall that the Regional Council, in considering the reauthorization of ISTEA, supported ADOT's position regarding donor states receiving additional

funding. He noted that the TEA 21 legislation has provided ADOT additional funding and this percentage increase should be reflected in MAG's allocation.

Mary Peters stated that one provision not made is in regard to the State Infrastructure Bank. She is not sure if it was an oversight, but the bill did not contain that provision. Presently, ADOT is working with congressional representatives on this provision.

Chairman Cleveland thanked Mr. Farry for his report.

Chairman Cleveland handed the gavel to Chairman Fairbanks. Chairman Cleveland remarked that serving on the Committee has been an enjoyable experience. Mr. Harrell expressed appreciation to Mr. Cleveland for a fine job and commented that he is looking forward to serving. Mr. Musselwhite stated Mr. Cleveland had done an outstanding job. Chairman Fairbanks presented former Chairman Cleveland with a plaque recognizing Mr. Cleveland's service to the Management Committee from 1996 to 1998. Chairman Fairbanks stated that there could not be a more dignified and fair-minded leader than Mr. Cleveland and thanked him for his service. Mr. Cleveland thanked everyone and said that it has been fun and a great experience to serve on the Committee.

There being no further business, the meeting was adjourned at 1:20 p.m.

Chairman

Secretary